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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
OF THE STATE OF CALIFORNIA

In the Matter of:	)	NMLS ID. 225333
	)	
THE COMMISSIONER OF BUSINESS	)	ORDER DENYING APPLICATION FOR
OVERSIGHT,	)	MORTGAGE LOAN ORIGINATOR LICENSE
	)	PURSUANT TO FINANCIAL CODE
	)	SECTION 22109.1
Complainant,	)	
	)	
v.	)	
	)	
JOSEPH NOVELLI,	)	
	)	
<u>Respondent.</u>	)	

The Commissioner of Business Oversight (Commissioner) finds against the Respondent Joseph Novelli (Novelli) as follows:

**I.**

**Introduction**

Good cause exists to deny the issuance of a mortgage loan originator license to Novelli pursuant to Financial Code section 22109.1 in that Novelli has had a felony conviction during the seven-year period preceding the date of his application for licensure. Novelli pled to and was convicted of a Class Four felony possession of marijuana (over one pound) in the State of Nebraska on April 5, 2013.

**II.****The Application**

1. On March 20, 2017, Novelli filed an application for a mortgage loan originator license with the Commissioner pursuant to the California Finance Lenders Law (CFLL) (Fin. Code, § 22000 et seq.), in particular, Financial Code section 22105.1. The application was for employment as a mortgage loan originator, and was submitted to the Commissioner by filing a Form MU4 through the Nationwide Mortgage Licensing System & Registry (NMLS).
2. In submitting his application, Novelli answered “Yes” to Criminal Disclosure question (F)(1) on the Form MU4, which specifically asked:
- (F)(1) Have you ever been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony?
3. Novelli was asked to provide an explanation to the “Yes” answer given in response to the Criminal Disclosure question. In the field listed “Brief Description of Explanation,” Novelli wrote “Very Old Felony” and in field listed “Event Explanation Detail (Required),” Novelli wrote “In 1993 was convicted on Federal Marijuana charges that was over 20 years ago.” No other explanations or convictions were disclosed in the electronic form.
4. Novelli was asked to upload supporting documentation for his disclosure answers, but on March 20, 2017 he did not upload any documentation supporting the 1993 marijuana conviction, or any other conviction.
5. In submitting his application, Novelli signed the Form MU4 swearing that the answers were true and complete to the best of Novelli’s knowledge.

**III.****Criminal Convictions**

6. On or about March 29, 2017, Novelli uploaded supporting documentation which he described as “background explanation” for his criminal conviction. The documentation was a sentencing order issued from a court in Douglas County, Nebraska on April 5, 2013. The order indicated that Novelli “pleaded no contest to Possession of Marijuana More Than a Pound, a Class IV Felony, and was

found guilty.” The order also indicated that Novelli was sentenced to pay a fine of \$3,000.00 plus the costs of prosecution.

7. Later that day (March 29, 2017), Novelli uploaded a second supporting document which he described as “background explanation” for his criminal conviction. The document was a typed, unsigned letter from Novelli that explained the circumstances of the 2013 felony marijuana conviction. In the letter, Novelli did not contest the validity of the conviction.

### III.

#### Applicable Law

8. The Commissioner is required to deny Novelli’s application for a mortgage loan originator license due to his felony conviction during the seven-year period preceding the date of his application for licensing. Financial Code section 22109.1 provides in relevant part:

(a) The commissioner shall deny an application for a mortgage loan originator license unless the commissioner makes, at a minimum, the following findings:

...

(2) The applicant has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court, as follows:  
(A) During the seven-year period preceding the date of the application for licensing and registration.

(Fin. Code, § 22109.1, subd.(a)(2)(A).)

### VI.

#### Conclusion

The Commissioner finds, by reason of the foregoing, that Novelli’s felony conviction within the seven-year period preceding the date his application is a statutory bar to licensure.

THEREFORE, the Commissioner is mandated under Financial Code section 22109.1 of the CFLR to deny Novelli’s mortgage loan originator license application.

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1           WHEREFORE on August 15, 2017, the Commissioner issued a Notice of Intention to Deny  
2 Application for Mortgage Loan Originator License, Statement of Issues, and accompanying  
3 documents (“Notice of Intention to Deny”) based on the above findings. The Notice of Intention to  
4 Deny was served on Novelli the same day at the address on file with the Commissioner. Novelli did  
5 not request a hearing and the time to request a hearing has expired.

6           NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the Application  
7 filed by Joseph Novelli for a mortgage loan originator license is denied. The order is effective as of  
8 the date hereof.

9 Dated: September 12, 2017  
10       Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

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12 By: \_\_\_\_\_  
13 MARY ANN SMITH  
14 Deputy Commissioner  
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